



Town of Darien

Administrative Officer's

Proposed Budget

2011-12

Where we stand

- WELCOME TO YEAR 3
- FY 09-10 Budget
 - The budget will be impacted for at least 2 years
- FY 10-11 Budget
 - The New Normal
 - Restructure expectations and adjust service levels
 - “Do less with less”
- FY 11-12 Budget
 - *“Many local governments face a painful 2011”*

The Kiplinger Letter

“A Painful 2011”

- “Connecticut's economy is still facing many uncertainties.”
- “...the growth has been and will continue to be glacially slow.”
- Sectors with [year over year] losses include... financial activities...and government.”

Peter Gioia, CBIA economist

Shared Sacrifice

- *“Engage in a shared sense of sacrifice.”*

Gov. Dannel Malloy

- *“A great word I think we all agree upon, but how you define it and who's defining it is a different story.”*

Rep. Lawrence Cafero



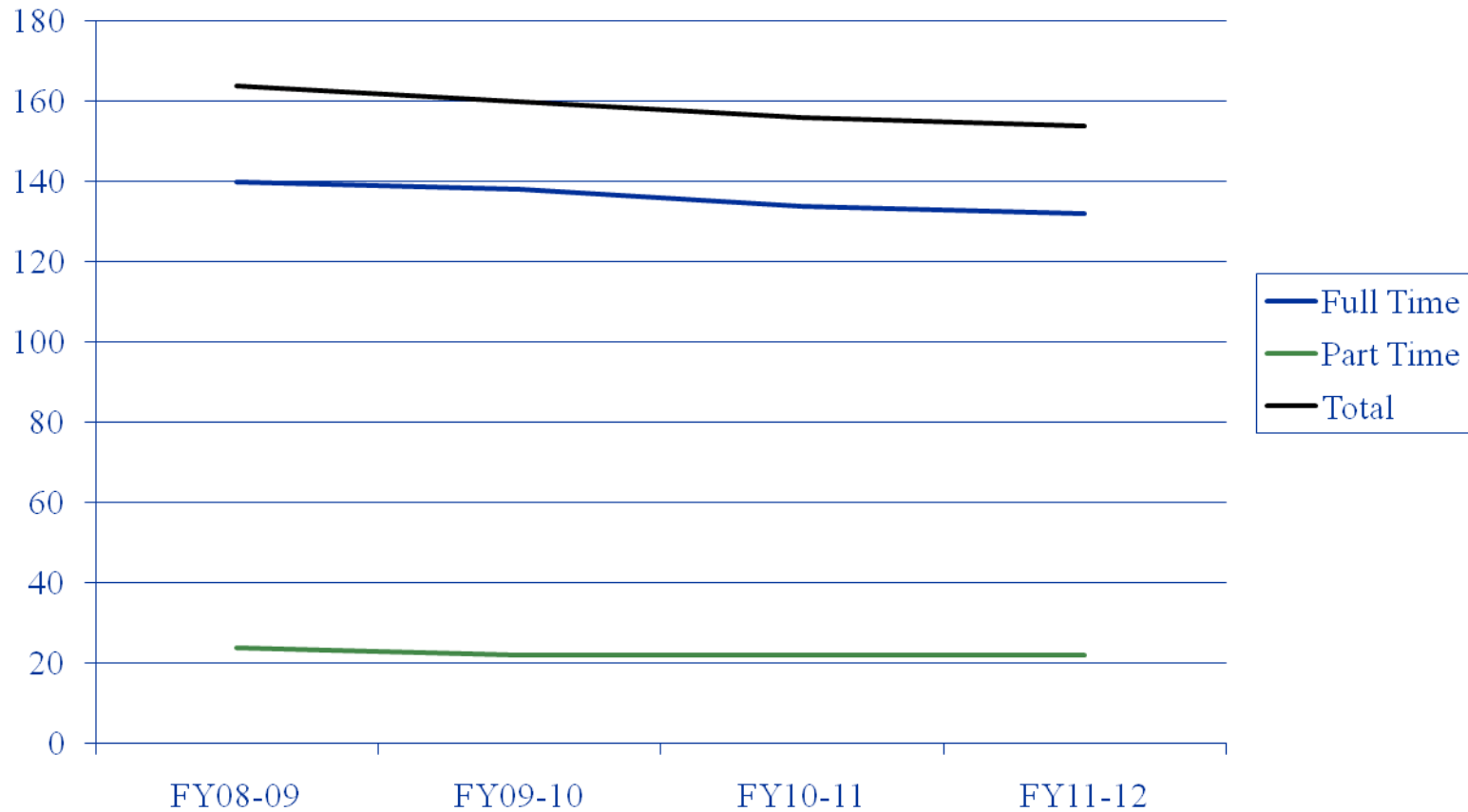
Shared Sacrifice

- The Town has seen more than its share of budget sacrifice in recent years
 - Repeated budget declines
 - Year-over-year job losses
 - Trimmed service levels
- With diminished resources, come important decisions, prioritizing and assessing appropriate service levels
- Difficult and unpleasant decisions went into this form of the budget

Impacts on the Budget

- Core services only
 - No enhancements without new resources
- Fewer employees
 - Impacts to 4 positions
- Commodity price swing
 - Increases in oil, diesel, gasoline
 - End of electricity price lock in December 2011
- Lower healthcare costs
 - Starting at 4.5% instead of 13%
- Increase in pension obligation
 - Still dealing with prior years of poor investment return

Impacts on the Budget



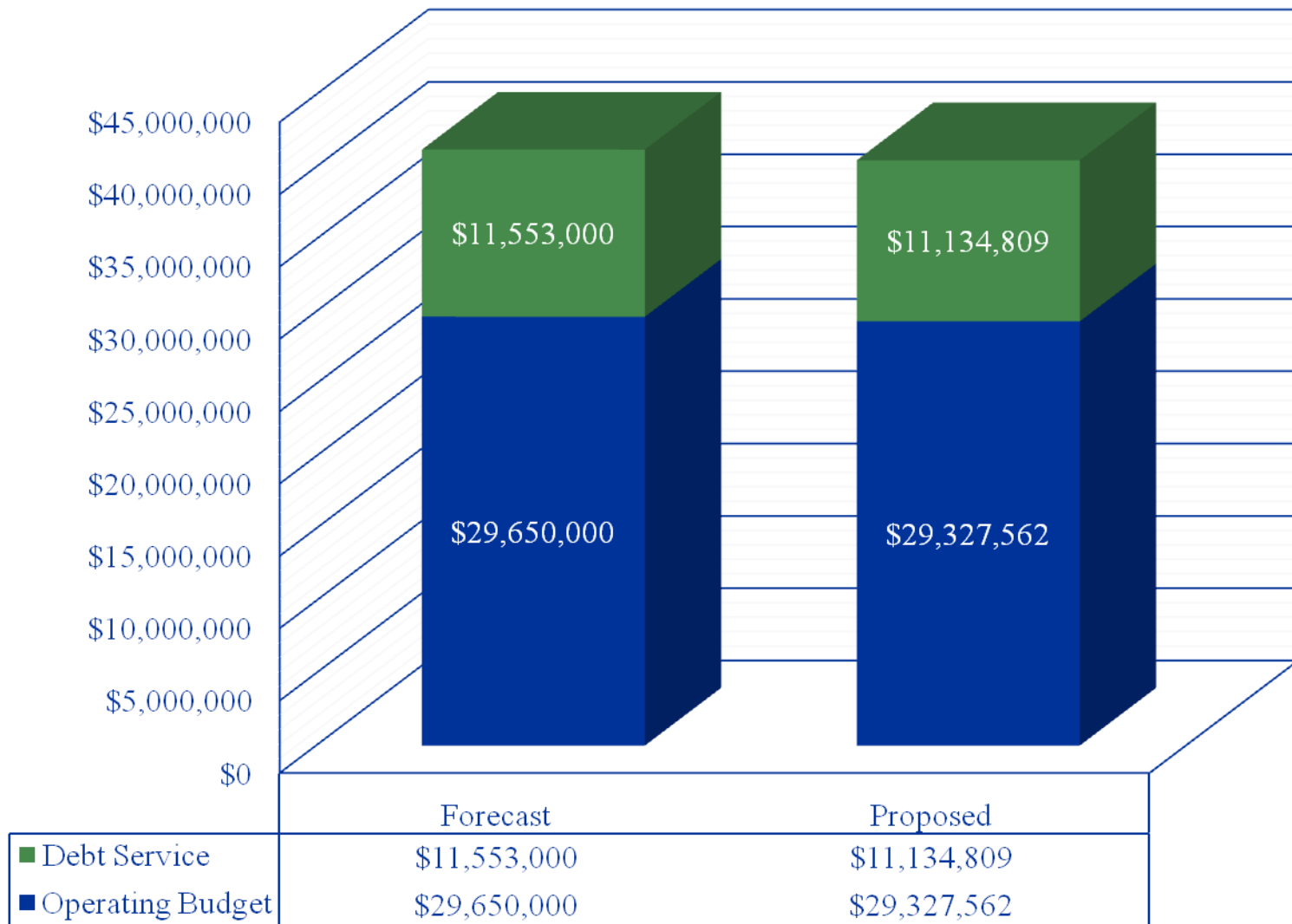
Total head-count has been reduced by 5.5%

Total Budget Increase

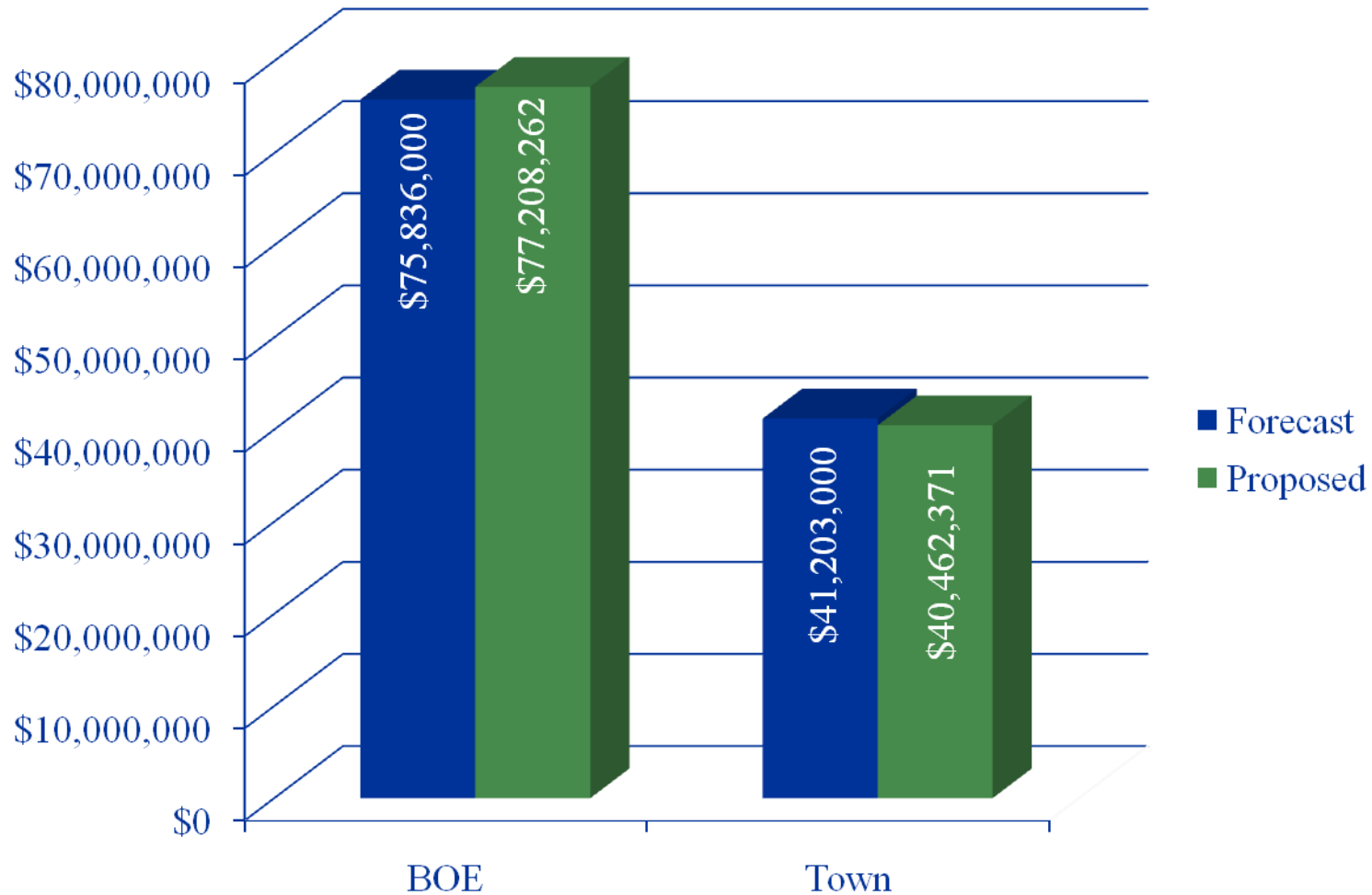
- Budget proposed to be funded at \$40,462,371
 - Increase of \$2,282,612 or 5.98%
 - Cut \$1,114,025 from the budget
 - Can cut \$15,015 from the Library
- Two years of shrinking budgets not sustainable in the long-term



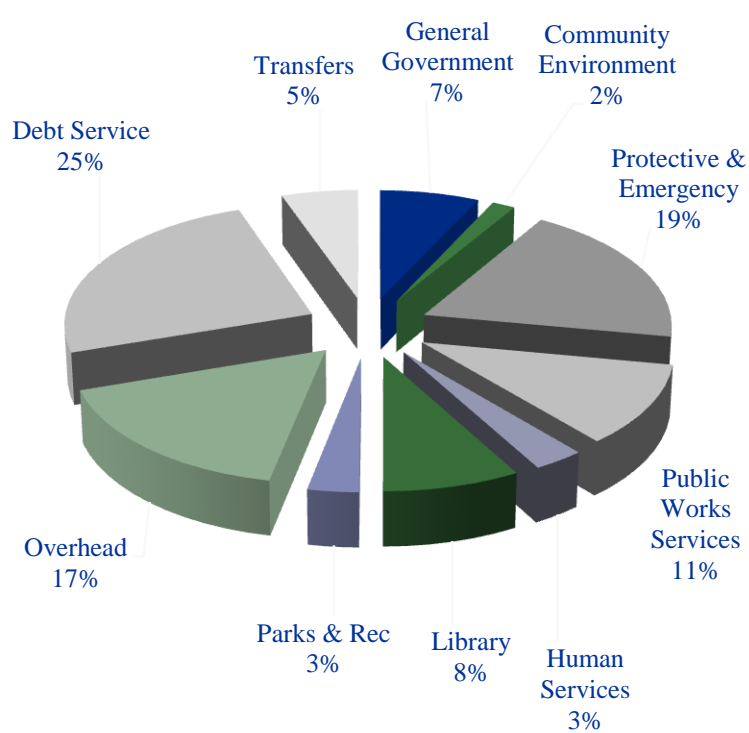
Comparison to Forecast



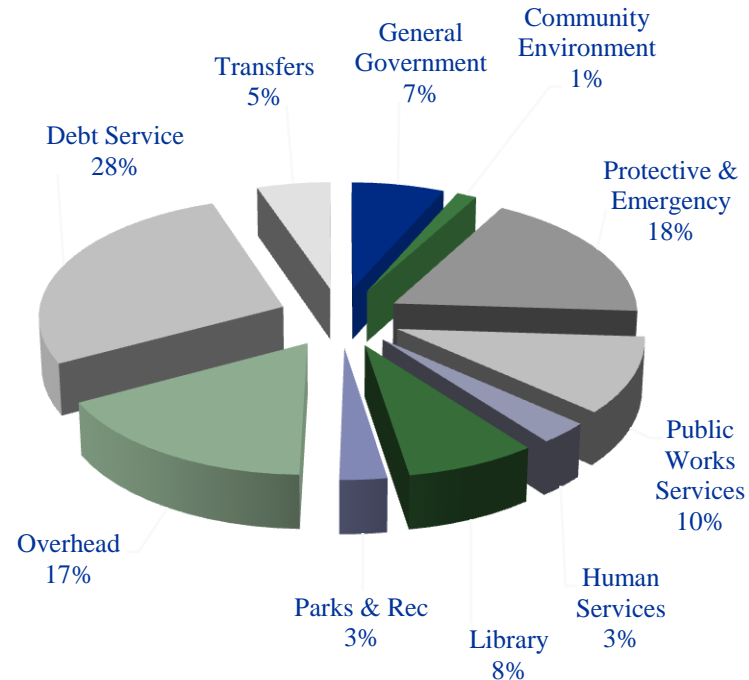
Comparison to Forecast



Budget Comparison



FY10-11 Adopted Budget



FY11-12 Proposed Budget

Town Budget Comparison

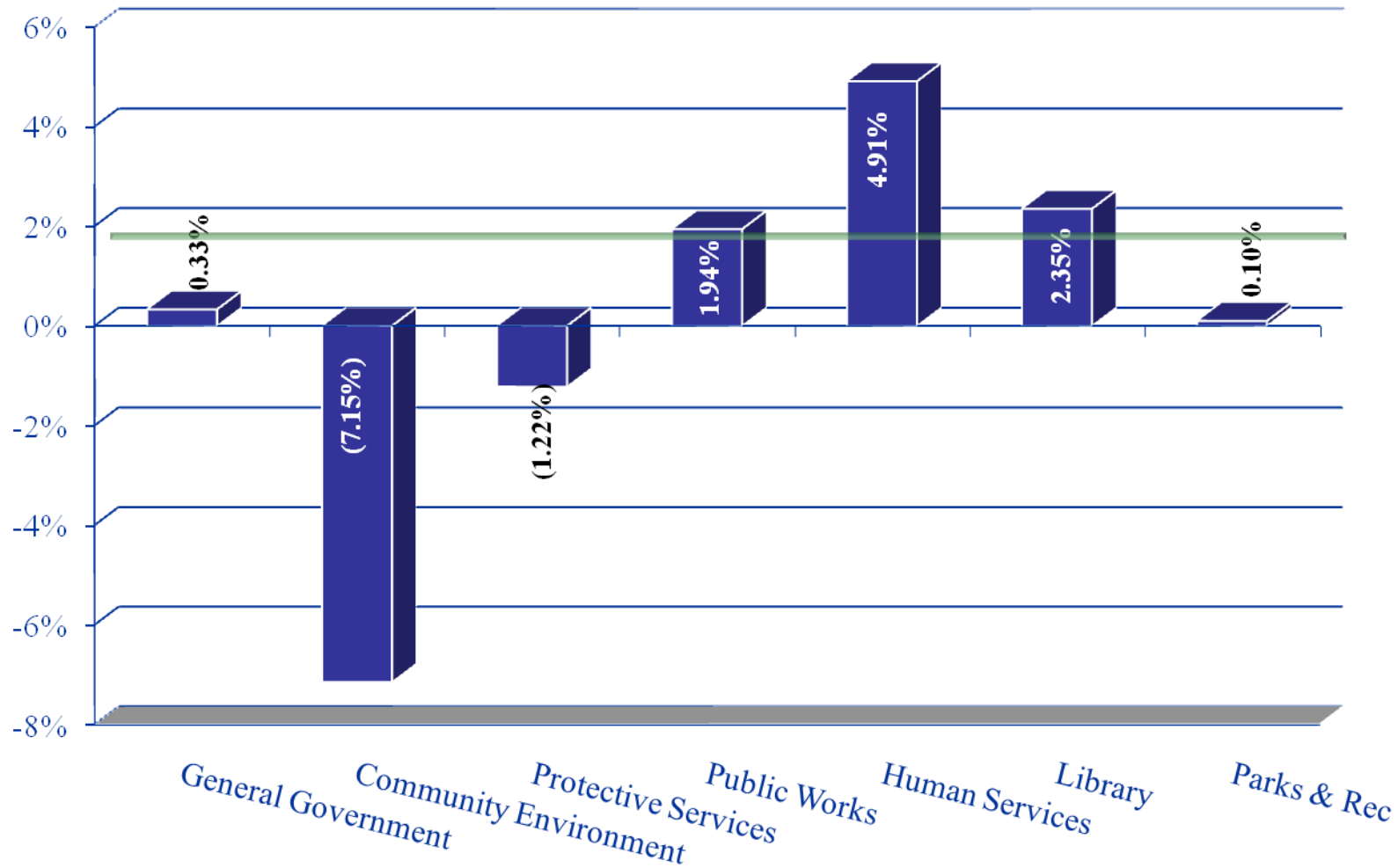
Cost centers for Town services as a percent of the Town Budget

<u>Activity</u>	<u>Revised FY10-11</u>	<u>Proposed FY11-12</u>
Protective Services	19.2%	17.9%
Public Works	10.9%	10.5%
Library	8.2%	7.9%
General Government	7.0%	6.7%
Parks & Recreation	3.1%	2.9%
Human Services	3.1%	3.0%
Community Environment	1.7%	1.4%

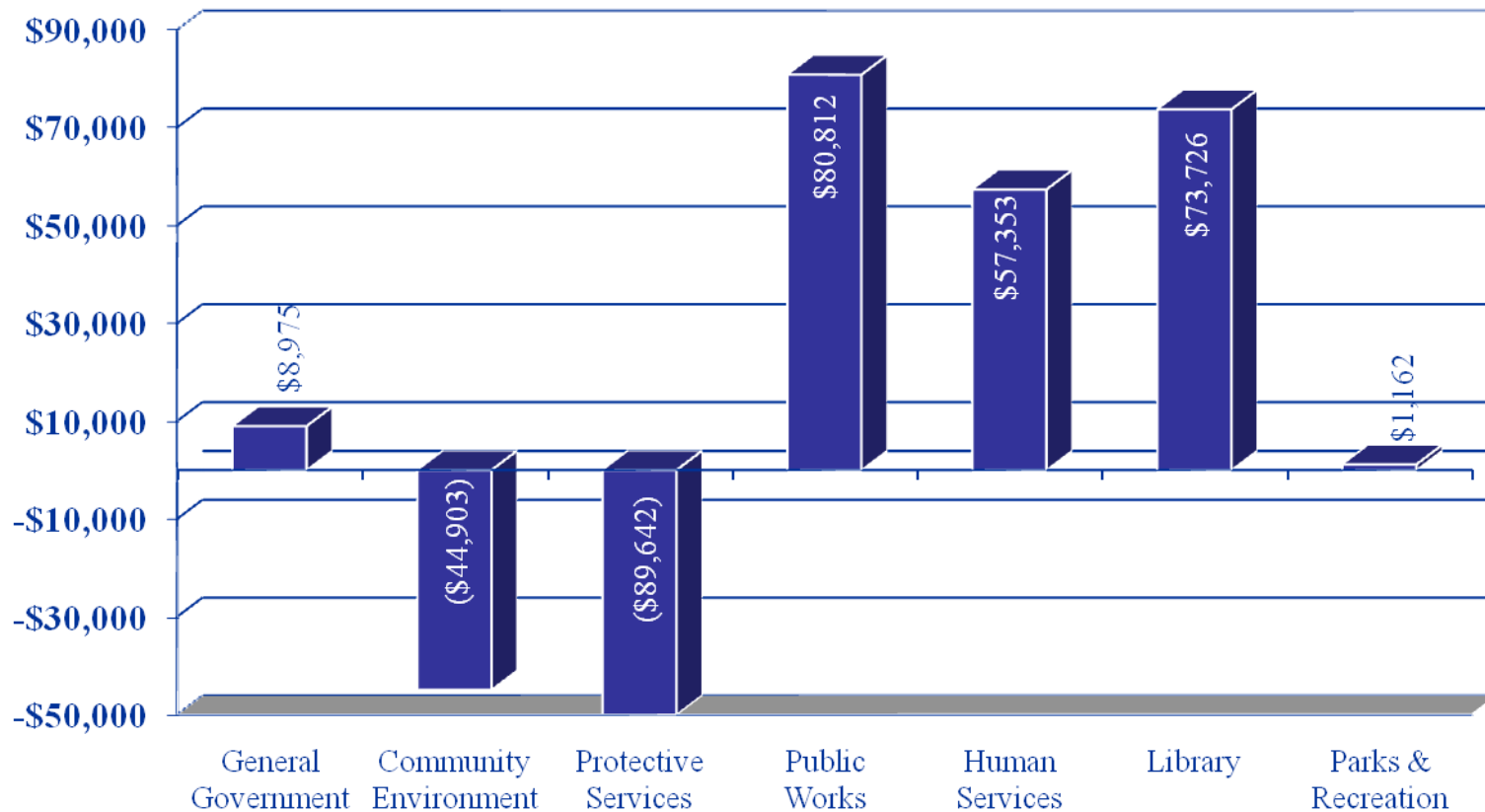
Town Budget Comparison

<u>Activity</u>	<u>Revised FY10-11</u>	<u>Proposed FY11-12</u>	<u>Percent Change</u>
General Government	\$2,683,942	\$2,692,917	0.33%
Community Environment	\$628,282	\$583,379	(7.15%)
Protective Services	\$7,335,116	\$7,245,474	(1.22%)
Public Works	\$4,166,307	\$4,247,119	1.94%
Human Services	\$1,168,117	\$1,225,470	4.91%
Library	\$3,131,479	\$3,205,205	2.35%
Parks & Recreation	\$1,162,397	\$1,163,559	0.10%

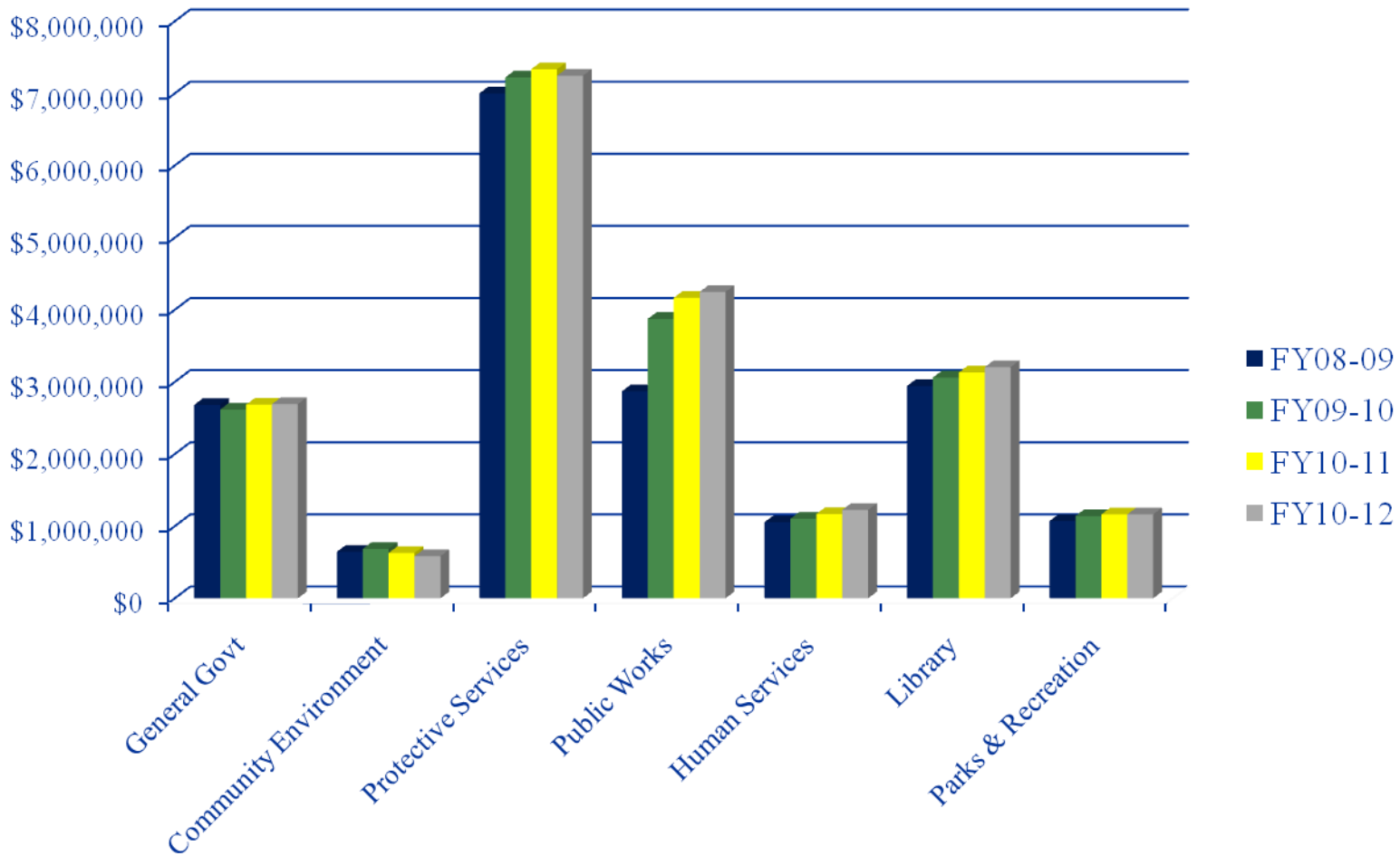
Comparison of Changes



Comparison of Changes



4-Year Perspective



4-Year Perspective

- Operating Expenses have been held essentially flat for 4 budgets
 - FY08-09 = \$22,345,283
 - FY11-12 = \$22,515,477
 - 0.76% increase over 4 year's time
- Overhead Expenses trend
 - Healthcare and pension contributions are largest component
 - Risk Management has increased recently but is still 15% less than levels in FY08-09
 - Contingency needs to account for on-going contract negotiations

Debt Service

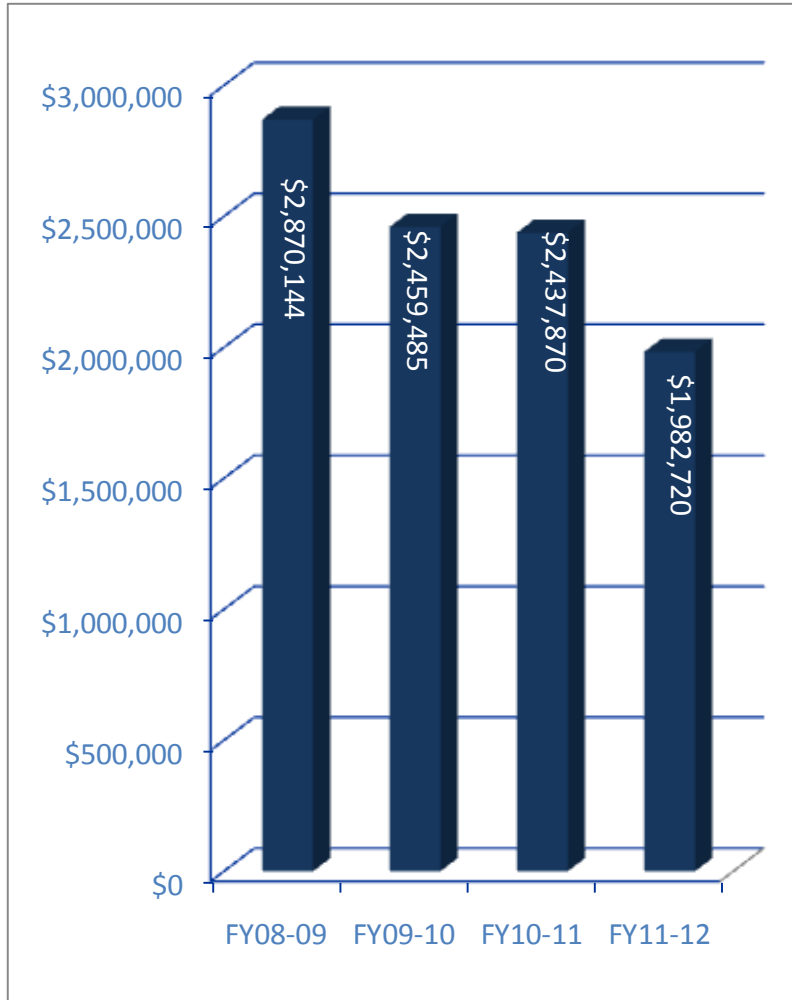
- Debt Service is a major influence increasing the Town budget
 - Increase of 17.8%

	2011 Budget	2012 Budget	Change	% of Total
Sewer Debt	\$606,726	\$577,538	(\$29,188)	5.19%
Town Debt	\$218,030	\$1,216,595	\$998,565	10.92%
School Debt	\$8,628,151	\$9,340,676	\$712,525	83.89%
TOTAL	\$9,452,907	\$11,134,809	\$1,681,902	100.00%

Debt Service

- Debt for Board of Education projects increasing by 8.3% over prior year
- Consensus to “unfreeze” Town projects
 - Town debt increases to fund Police Department project
- If projects were still frozen, debt service would have still increased by over \$630,000 or 6.7%
 - Total budget increase would have only been 3.2%

Capital Expenditures



- The General Fund support for Capital is proposed to decrease – again.
- Projects were prioritized
 - Drainage improvements to Intervale Road and West Avenue
 - Radio system replacements
 - Develop heavy rescue capability at NHFD

Further Budget Cuts

- It is assumed that the Board will be under pressure to reduce the Town side of the budget further.
- The easy fixes are long gone
 - Further cuts must translate into public service reductions and more lay-offs
 - There is nothing left to cut

Budget Perspective

- If there are to be further cuts, the Board must understand the magnitude of cutting needed
- To impact the property tax rate:
 - 1 mill = \$8,500,000
 - To impact the mill rate, cuts must be at least \$85,000
 - \$85,000 = 0.01 mills

Budget Perspective

- Impact of a cut:
 - Average Market Value of \$1,200,000
 - Assessment (70% of market) = \$840,000
 - Current Mill Rate of 11.74
 - Tax bill of \$9,861.60
 - 0.01 mill reduction cuts tax bill by \$8.40
 - Meaningful tax reduction requires greater cuts
 - 0.25 mill reduction requires \$2,125,000 in cuts and reduces the example tax bill by \$210

Further Budget Cuts

- The budget sets priorities
- The budget sets service levels
 - Further cuts require looking at both priorities, services and how they are to be delivered
- What is the budget target?
 - 0% = (\$2,282,612)
 - 1% = (\$1,900,814)
 - 2% = (\$1,519,017)
 - 3% = (\$1,137,219)
 - 4% = (\$755,422)
 - 5% = (\$373,624)

Final Budget Thoughts

- Further reductions will require policy direction and priority setting by the Board of Selectmen
- Rational basis for making reductions
- As of now, the budget ceases to be a staff document and it is the Board of Selectmen's
 - The Board will now be able to articulate its priorities as a group

